

PROPOSAL EVALUATION

Proposition 84 Integrated Regional Water Management (IRWM) Grant Program

Implementation Grant, Round 1, FY 2010-2011

Applicant	Coachella Valley Water District	Amount Requested	\$4,000,000
Proposal Title	Coachella Valley IRWM Implementation Grant Proposal	Total Proposal Cost	\$6,992,375

PROPOSAL SUMMARY

Four projects are included in the proposal: (1) Groundwater Quality Protection Program -- Cathedral City, (2) Groundwater Quality Protection Program -- Desert Hot Springs, (3) Regional Water Conservation Program and, (4) Short Term Arsenic Treatment Project.

PROPOSAL SCORE

Criteria	Score/ Points Possible	Criteria	Score/ Points Possible
Work Plan	9/15	Economic Analysis – Water Supply Costs and Benefits	12/15
Budget	4/5	Water Quality and Other Expected Benefits	12/15
Schedule	5/5	Economic Analysis – Flood Damage Reduction	0/15
Monitoring, Assessment, and Performance Measures	5/5	Program Preferences	10/10
Total Score (max. possible = 85)			57

EVALUATION SUMMARY

The following is a review summary of the proposal.

Work Plan

The criterion is less than fully addressed, and documentation or rationales are incomplete or insufficient. For example, three of the four projects do not provide discussion of synergies and linkages. Project 4 lacks an operation description and documentation/schematics of the point of entry and point of use systems intended to be implemented. In addition, under permitting for this project, no mention is made of waste discharge requirements permits needed from the Regional Water Quality Control Board for reject water from the point of entry reverse osmosis water treatment systems. For Project 1, there is no mention regarding the formation of an assessment district for the business owners to contribute their share of the project costs. Tasks do not include appropriate deliverables. The introduction does address goals and objectives of the proposal related to the IRWM Plan, there is a tabulated overview of the projects, and maps are provided. A majority of the projects submitted include appropriate scientific and technical

information to support the feasibility of the work plan. California Environmental Quality Act (CEQA) requirements are addressed.

Budget

The criterion is fully addressed, but is not supported by thorough documentation and rationales. Costs are considered reasonable. Each project is presented in a summary table as provided by the PSP and detailed budgets are provided for each project. However, estimates contain no explanation of how certain project costs were estimated. Inclusion of an engineering cost estimate or discussion of the rationale for a lump sum estimate would be appropriate explanation and documentation. The cost estimate for the construction of Project 2 is not included to explain the estimate. There is no documentation or explanation for the lump sum items provided in Table 4-27 for Project 1.

Schedule

This criterion is fully addressed, and supported by thorough and well-presented documentation and logical rationale. The tasks align with the work plan and are reasonably scheduled. All projects will start prior to December 1, 2011.

Monitoring, Assessment, and Performance Measures

The criterion is fully addressed. The output indicators effectively track output and are adequate to evaluate change resulting from the project. It is feasible to meet the targets within the life of the proposal. Projects are consistent with the Basin Plan.

Economic Analysis – Water Supply Costs and Benefits

High levels of benefits relative to costs can be realized through this proposal; however, the quality of the analysis is moderate and supporting documentation is partially substantiated. The Proposal includes four projects. Monetized water supply benefits claimed by two projects (Projects 3 and 4) amount to \$95.425 million (M); of which \$94.682 M, is provided by Project 3. The benefit is based on a constant (in real dollars) benefit per acre feet per year (AFY) of \$1,166.

The benefit per AFY seems large because, at the margin, there are less expensive options available. Figure 3-2 shows “Relative Costs of Water Supplies in the Coachella Valley.” From this figure, it appears that costs of some other, less expensive options such as more conservation or water transfers might be avoided by the Project 3. Figure 3-2 shows almost 100,000 AF of urban conservation potential at a cost of \$600 per AFY or less. Project 3 obtains only 6,625 AF, so there should be lots of potential savings at costs less than \$1,166. The benefits of this project are probably a quarter to half of what is claimed. Even with this adjustment, the level of benefits documented by the proposal remains high. The cost of conserved water appears to be very low compared to most water supply options in the region.

Economic Analysis – Water Quality and Other Expected Benefits

High levels of benefits relative to costs can be realized through this proposal; however, the quality of the analysis is moderate and supporting documentation is partially substantiated. Monetized water quality and other benefits claimed by three projects amount to \$82.614 M; almost all of this \$75.208 M, is provided by Project 2. Most of these benefits, about \$68.2 M, are avoided loss of hotel revenues and hotel tax revenues. These measures are not economic benefits, and they may represent transfers within the State. The avoided costs to septic tank owners and avoided well treatment costs are acceptable. Water quality

benefits of Project 3 are avoided wastewater treatment costs. Total adjusted benefits are about \$7.7 M, more than total costs.

Economic Analysis – Flood Damage Reduction

No flood damage reduction benefit is claimed.

Program Preferences

This criterion is fully addressed and the applicant thoroughly documents the breadth and magnitude of the Program Preferences to be implemented. Program Preferences will be met include: Include regional projects or programs, Effectively integrate water management programs and projects within hydrologic region, Effectively resolve significant water-related conflicts within or between regions, Contribute to attainment of one or more of the objectives of the CALFED Bay-Delta Program, Address critical water supply or water quality needs of disadvantaged communities within the region, Drought preparedness, Use and reuse water more efficiently, Climate change response actions, Expand environmental stewardship, Protect surface water and groundwater quality, Improve tribal water, and Ensure equitable distribution of benefits.